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Transparency in Nigeria's Oil and Gas Industry: Is Policy Re-engineering the Way Out?

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ABSTRACT

Nigeria is Sub-Saharan Africa's largest oil producer and also possesses huge unrealized gas deposits. The oil and gas industry is considered as the lifeblood of Nigeria's socio-economic development, bearing in mind the well-established historical antecedents and the unfolding happenings. However, inspite of the strategic role of this industry to national wellbeing, it is a signpost for; corruption, infrastructure deficit, oil smuggling, vandalism and diverse security challenges. It is noteworthy, that accurate revenues attributable to the industry are not consistently published. Royalties paid to the Federal Government remain undisclosed for unjustifiable reasons. Also, specifics of transactions are disguised, thereby making it practically impossible for an interested stakeholder to monitor the level of; royalties, taxes, fees and charges paid to the Federal Government. Hence, the paper critically assessed selected laws, code, practices and the essence of policy re-engineering to Nigeria's oil and gas industry. Conclusions and contextual recommendations were also proffered.

Keywords: Transparency, Oil and Gas, Law, Policy, Re-engineering, Nigeria

JEL Classifications: O13, Q48

1. INTRODUCTION

The relatively huge revenues derived from oil and gas activities is a significant driver of Nigeria's geo-political and socio-economic indicators. Therefore, a sustained declining trend in global oil prices and the progressive shift to alternative renewable energy sources, evidently portends negative implications for Nigeria's domestic economy. This consequence is attributable to the weakening demand for, and over supply of oil, amongst other connected matters. Hence, the challenging outlook has resulted in renewed commitment to engender improved disclosure practices across the oil and gas value chain. In effect, the legal and moral incentive underpinning the largely profitable operations of this key industry must be assured. Such an approach, will undoubtedly contribute to safe guarding the interests of the multiple stakeholders associated with Nigeria's oil and gas industry.

The achievement of a reasonable level of transparency in the oil and gas industry, is significant to curbing corruption and other dysfunctions of resource-rich developing countries. In this regard,

the local and international community continue to advocate for the adoption of improved transparency and accountability practices. This drive is being sustained through various platforms and initiatives designed to mitigate the incidence of corruption. Despite the global recognition of transparency concept, its role in reducing corruption in Nigeria's oil and gas industry, prevention of the resource curse and the due implementation by the primary stakeholders, is still relatively poor. Hence, the paper entails a compact review of fundamental legal and policy mechanisms. It is opined that transparency reform should focus on the areas that are most important in alleviating the resource curse in Nigeria, such as the oil and gas arena.

Nigeria's over-reliance, albeit unsustainably, on its huge oil and gas revenues till date (2016); has without a doubt, significantly impacted on; the corporate/investment viability, socio-economic, geo-political as well as the environmental dimensions of the Nigerian State. However, inspite of the overdue necessity to diversify its revenue base, there is an apparent and more immediate need to ensure that Nigeria is receiving her just reward from

the development of the abundant oil and gas resources within its territorial jurisdiction. Thus, the key actors (governmental agencies, oil Companies and host communities) owing to the tangible benefits, consistently strive to ensure that production activities are sustained. This is in spite of the apparent corporate, operational, social, environmental and political challenges militating against the optimal performance of the actors. Hence, the call in different fora to revisit the underlying policy and regulatory framework that drives this industry, which in all estimation, is the bedrock of Nigeria's economy. It also in this light, that one cannot but be swayed by the argument, as to whether the development of oil resources, has been more of a curse than a blessing to the bulk of Nigerian citizens. Corruption is a colossal problem in many developing countries that are rich in natural resources. The endemic practice of corruption, further validates why resource-rich countries perform badly in terms of socio-economic development, and hence the phenomenon now commonly referred to as the resource curse syndrome.

Transparency lies at the center of all the important and integral conversations on the pathways to deliver the full or holistic potentials of Nigeria's oil and gas industry. In other words, every law, policy, code or initiative connected with the industry, must ensure that requisite disclosures are made as and when due. This outlook will enable the key stakeholders to adjust or react as the circumstances demand. The emphasis in this regard is important, as the revenues derived from the industry account majorly for the financing of the national budget across the various tiers of government. In essence, once a reasonable level of transparency is achieved, other matters of accountability, credibility and compliance will be facilitated. Thus, due efforts at transparency will also help to create an enabling environment which will foster a culture of proper governance and regulation for all the actors in the oil and gas industry. Moreover, the rent, gains, profits or benefits attributable to the industry is the commonwealth of all Nigerian citizens.

The integral roles of the key actors is what actually necessitates an introspection in specific respects into the overarching framework regulating the activities of key stakeholders in the industry. Such an approach, expressly or by implication will reveal the expectations of each party and ultimately lead to findings relating to whether reasonable benchmarks are being achieved by the concerned actors. In effect, an appraisal of the subsisting regulations will show the gaps, in the light of best practices usually attributable to this industry that is synonymous with price volatility.

2. NIGERIA'S OIL AND GAS INDUSTRY IN PERSPECTIVE

Nigeria's petroleum industry continues to play a critical role in driving the domestic economy. It is this economic reality that underlies the need to devise policies and practices that can consistently secure adequate oil supplies to match the growing demand in the domestic and international markets. Thus, Nigeria's quest to achieve global economic relevance is deeply rooted in her historical oil profile (Akinlo, 2012; Azaiki and Shagary, 2007;

Madujibega, 1976). Also, Nigeria is the third largest oil producer in Africa and is noted as having the largest natural gas reserves on the continent, ranking amongst the world's top five producers of liquefied natural gas (United States Energy Information Administration, 2015).

Furthermore, aging infrastructure, pipeline damages, vandalism, oil thefts and poor maintenance, and weak monitoring have all contributed to the significant level of environmental degradation, declining health profile, poor development and living conditions of the people, as well as considerable economic losses to Nigeria as a whole (United States Energy Information Administration, 2015). The situation has been further compounded by the agitations in the Niger-delta area for the implementation of more affirmative 'resource control' policies. This is usually referred to, as the aspiration for a more favourable oil derivation sharing formula for the oil producing States, bearing in mind the social, economic and environmental challenges associated with the hosting of oil and gas operations within their local communities (Aghalino, 2010).

The series of agitations by various local groups in the Niger-delta seeking a share of the oil wealth has been characterized by numerous attacks on oil infrastructure and thus compelling multinational corporations to declare force majeure on existing oil production as well as supplies. In effect, because the prevailing circumstances are deemed to be beyond the control of the relevant organizations, the force majeure clause can be activated which allows such organizations to dishonor their contractual obligations, bearing in mind the specifics of the contract in issue (Vanguard, 2014).

Nigeria's oil diplomacy has different facets depending on the period of history and specific actors under introspection. Moreover, oil diplomacy and the other associated legal, policy, and corporate and human resource management processes are being sustained whilst taking due cognizance of the significant revenues and social influences connected with oil development. In a broad sense, Nigeria's oil diplomacy can be construed in a local and international context. The former scenario was exemplified as far back as the 1960's at the height of the Nigerian civil war; the principal actors in this regard being, Nigeria, Shell BP and the then break-away State of Biafra. On the other hand, oil based diplomatic relations between Nigeria and Britain experienced a paradigm shift when the former took a policy decision to nationalize the assets of British petroleum. This provided a veritable platform to redefine Nigeria's relationship with her former colonial master owing to the greater control and ownership of its domestic oil resources (Soremekun, 2013).

It is instructive to note that Nigeria has made various efforts at controlling the development of its oil resources and this has crystallized in the form of joint venture agreements and also production sharing contracts relative to different periods in Nigeria's oil history and evolution. The adoption of different fiscal regimes have contributed in aiding Nigeria to shape her foreign policy within and outside the continent, especially taking into account the issues of oil dependency, regional economic stability amongst other external and internal socio-economic factors.

The primary negative social implications of Nigeria's oil and gas industry has been attributed to oil spills, gas flaring and the associated environmental health hazards to the local populace. These externalities connected with oil and gas development have portrayed Nigeria in bad light in terms of adopting sustainable and clean methods developing oil resources. The extensive and disruptive nature of petroleum operations (upstream and downstream) impacts negatively on the social life of the members of the host communities (Kafada, 2012). It also impairs the usual means of earning a living wage in the locality. In effect, oil development should provide the host communities with better possibilities in terms of improved life-style on account of enhanced per-capita wages. However, the skills and capacity deficit, particularly in the Niger-delta area has resulted in a relatively poor employment index, both in terms of quantity and quality of work (Snapps and Hamilton, 2011). This outcome has consequently negated the wide expectations for improved socio-economic indicators within the host communities and thus contributing to the distrust and hostility between the petroleum Companies and the locals who reside around the area of petroleum operations (Inokoba and Imbua, 2010).

The Nigerian government adopted the amnesty mechanism as a way of de-escalating the tensions in the Niger-delta (Egwemi, 2010). This has contributed to gaining safe and greater access and thus contributing to the efforts at developing local manpower, skills as well as infrastructure. In similar respects, Nigeria's Federal Government continues to commit considerable funds to sustain reasonable harmony so as to guarantee consistent production and development of oil resources in the Niger-delta region. However, the sustainability of the process has been tested owing to changes at the Federal, State and Local Government levels, as well as funding challenges and more importantly variance in policy direction. There have been calls for re-appraisal of the process particularly as new interests are emerging, coupled with the fact that the operating climate has evolved and brings to the for other possibilities and solutions to bring about enduring development to the oil and gas producing communities.

3. REGULATORY CLIMATE OF NIGERIA'S OIL AND GAS INDUSTRY

Nigeria's petroleum industry is highly regulated as evidenced by the myriad of laws, policies, codes and multiple regulatory agencies (Iledare, 2008). The underlying regulatory structure should in all reasonable estimation secure a high level of compliance on the part of oil Companies, coupled with the other stakeholders deriving economic rent from the sector. However, a relatively weak regulatory framework, particularly in terms of implementation, has resulted in limited achievements in comparison with other maturing oil resource rich countries such as Gabon, Angola and more recently Ghana (This Day Live, 2014; Okafor and Aniche, 2014).

In view of the declining international oil prices, it is imperative for maturing and oil dependent economies to develop viable regulatory frameworks so as to derive maximum value from the

development of oil resources. The practice of governance in this regard can readily be considered as one of the means of regulating the petroleum industry, particularly as regards the private interests operating in the downstream. Thus, it is the countries that are able to effectively harmonize the various dynamics of the sector that usually enjoy long term benefits.

The Petroleum Act, 1969, which has now been consolidated in the Petroleum Act, 2004 (Laws of the Federation of Nigeria P10), coupled with other relevant laws, regulations, initiatives and codes, provide a veritable basis for the internal and external regulation of Companies involved in Nigeria's oil and gas industry. However, the duplication of agencies and policy inconsistency in terms of dealing with core issues (corporate governance and human resource), have contributed to weakening the level of integration and optimization of resources within the petroleum industry.

In order to achieve more beneficial results, akin to other progressive oil and gas dependent economies; it is important for policy makers and the relevant regulatory agencies to re-appraise the underlying laws, policies and codes that were designed to stimulate, sustain and secure wealth creation for all the identifiable stakeholders. Hence, due attention should be given to prevailing circumstances that may be militating against commensurate value and wealth creation typical of operations in this highly capital intensive, but also rewarding industry. Also, concerted efforts to reappraise fundamental issues, will contribute in measurable respects towards ensuring that critical matters are brought to the fore (transparency). Such an outlook reinforces the need for legal and policy re-engineering. However, this should be considered, subject to the unfolding circumstances that may be impairing the achievement of estimated targets or deliverables for the concerned actors. Some of these integral, non-exclusive regulations, are discussed below:

a. Petroleum Act, 2004, LFN P10

This represents the primary enabling law and regulatory document that currently regulates diverse operations in Nigeria's petroleum industry. The act consists of main provisions focusing on the powers of the Minister as it pertains to the regulation of the petroleum industry (upstream and downstream). It also consists of various subsidiary legislations on specific processes which include; health, safety, importation, shipping, unshipping, landing of petroleum, price control, arbitration and settlement of disputes, refineries, control of petroleum products amongst other associated issues.

It is instructive to note that there is an apparent emphasis on substantive and administrative processes geared towards an expected outcome for multiple stakeholders involved in the industry. Thus, the intention is that there should be a reasonable measure of compliance with the stipulated provisions and regulations. However, the act is relatively silent on issues of governance profile and the human resource capacity antecedents of the companies that are within the scope of its provisions.

The central issue in the Nigerian context rests on the point that inspite of the numerous stipulations on operational processes;

several breaches and gaps subsist in the petroleum industry as evidenced by the lack of transparency and appropriate disclosures attributable to the upstream and downstream sectors. This situation can be linked to the lack of emphasis on issues of ethics, acceptable codes of corporate practices, improved capacity as well as the integration of various units which will facilitate an acceptable outcome to a broad base of interests within the petroleum sector. In effect, whilst it is necessary to clearly set out the relevant operational processes, a corresponding expression of minimum governance requirements and related capacity issues are essential in order to secure actual compliance with the myriad of procedures, thus creating sustainable value in the petroleum industry as a whole. It is envisaged that such an approach would help to improve the returns or delivery rate of the existing processes in the long run, whilst optimizing the human and material resources in the short to medium term.

It is also instructive to note that there are other laws dealing specifically with the regulation of corporate structure of business entities operating in Nigeria and these include; Companies and Allied Matters Act (CAMA), 2004 Security and Exchange Commission Regulations and Local Content Act (LCA), 2010. However, because of the lack of integration amongst the relevant laws, there is an apparent inconsistency in terms of dealing with specific issues particularly corporate governance and human resource management relative to the operations of the downstream sector. Hence, this consequence further reinforces the need for the Petroleum Act, to expressly capture such matters.

b. Petroleum industry bill (PIB), 2008

The PIB is a multifaceted legislation that makes a bold attempt to address integral aspects of Nigeria's oil and gas industry. The proposed PIB combines sixteen different Nigerian petroleum laws into a single and comprehensible document to provide for the establishment of the legal and regulatory frameworks, institutions and regulatory authorities for the Nigerian oil and gas sector as well as to establish guidelines for the operation of the upstream and downstream oil sectors. Some of the laws that would be affected by the PIB are: The petroleum profit tax act 1959, the petroleum act 1969, the Petroleum Technology Development Act 1973, the associated gas re-injection act 1979, the Petroleum Equalisation Fund Act 1989, the oil pipelines act 1990, the Nigerian National Petroleum Corporation Act 1997 and the petroleum products pricing regulatory agency act 2003 etc.

The PIB comprised of regulations dealing with the core business operations attributable to the primary actors within the industry (National Oil Company, oil and gas Companies and regulatory agencies). It is noteworthy that the proposed law is explicit on the importance of certain issues touching on corporate governance and by extension human resource management, as evidenced by some matters captured in the opening parts and under the primary objective section of the PIB. Firstly, it stipulates the need to create a conducive business environment for petroleum operations. It thus suffices to say that, the internal and external contexts of the production activity are crucial to the effective performance of the

actors within the upstream downstream and midstream sectors, be it at the board level, managerial or employee cadres.

The proposed law, the PIB, further provides for the establishment of a commercially-oriented and profit-driven national oil company. This implies that the primary purpose is to create value for all the stakeholders in the petroleum sector. In essence, the national oil company will be restructured to generate optimal returns and account for all monies accruable. Such a regulatory shift will bode well for all the players in the downstream sector as this will set the tone for the optimization of human and material resources in consonance with the viable model proposed by the National Oil Company, commonly known as Nigeria National Petroleum Corporation.

There is also provision in the PIB as regards the creation of an efficient and effective regulatory entity. The manifestation of such an outcome should over time generate a corresponding impact on the activities of operators in the oil and gas industry. It is opined, that a contrary perspective will defeat the very essence of such a stipulation, as the requisite government agencies, perform regulatory functions and ensure due compliance primarily so as to impact positively on the output of the relevant business entities. Thus, in the long-run, tangible benefits should be attributable to the broad spectrum of stakeholders, and the balancing of needs and expectations amongst the identified interests will also ensure the sustainability of the petroleum industry. However, in order to realize a robust outcome across the value chain, the requisite regulatory capacity is integral to ensure the delivery of practical guidance. This outlook should constitute the centre piece of performance of regulatory functions associated with the industry.

Good governance (transparency) will be promoted through the restructuring and deployment of confidentiality clauses in oil and gas contracts in Nigeria. Corruption has thrived under the guise of confidentiality requirements. The best way to fight corruption in the Nigerian oil and gas sector is to redefine confidentiality requirement in all procedures, contracts and payments associated with the industry. The proposed bill will refine confidentiality component in unprecedented scale. Nigeria will move from one of the most opaque petroleum nations in Africa, to one of the most open and transparent in the world. There are express provisions in the bill that guarantee that the award of oil licences shall be open, competitive and transparent to ensure that government allocates them through open and competitive processes to well-qualified Companies.

c. The Nigeria's oil and gas industry development act, 2010 (otherwise known as the "LCA, 2010")

The LCA 2010 is a unique federal legislation dealing in certain regards with the development of human resource (Nigerians), as an integral part of the internal governance of corporate entities, involved in the petroleum sector. The implementation of the LCA is geared towards creating enduring wealth and value for Nigerian citizens, who can also, be rightly classified as stakeholders in the petroleum industry. In this regard, there is express provision aimed at developing relevant local content in

terms of the requirement for the employment and training of Nigerians in projects executed by any promoter. There is also provision for a succession plan where it provides for a Nigerian to “understudy an expatriate for a maximum period of 4 years.” It is instructive to note, that such employment as captured under Section 34 covers the junior, intermediate and professional cadres respectively.

The LCA seeks to increase indigenous participation by stipulating minimum benchmarks for the use of “local services and materials, thus promoting transfer of technology and skills to Nigerian staff and labour in the industry.” Also, it should be noted that the scope of the LCA is broad as it is applicable to “all operators, contractors and other entities involved in any project in the oil and gas industry.” The LCA is the primary law in respect of all matters pertaining to the participation of Nigerian citizens in the oil and gas sector, and thus takes precedence in this regard. In effect, the LCA serves as a veritable framework to harness specific human resource potentials and thus create value for all the stakeholders that are linked to the oil and gas sector (Oyewunmi, 2016).

d. CAMA, 2004

The CAMA, 2004 is quite explicit on the description of a director and who can qualify to act in such capacity. It also clearly stipulates instances that may disqualify individuals from assuming and performing directorial functions in a company. This implies that provisions of CAMA are responsible in notable respects for shaping the nature of a company, thus impacting on its performance. Furthermore, based on well-established judicial precedents and company law jurisprudence, a director is only required to exercise a reasonable duty of care in the discharge of his fiduciary duties. There is thus an assumption in this regard, that such a director is deemed to possess a level of competence and expertise relative to the business activities of the company in issue. The law in this regard is expressly silent on the need for a director and other cadres of management to be or functions attributable to the core activities of the company in issue. This element is sacrosanct particularly as regards the petroleum industry, where the level of success is largely dependent on a critical evaluation of the dynamics associated with the industry. In Nigeria's case, the geopolitical as well as security indicators are indeed shaping the characteristics of the sector and thus call for core competencies in this respect in order to deliver the desired value to the stakeholders (Oyewunmi, 2016).

e. Nigeria extractive industries transparency initiative act, (NEITI) 2007

The NEITI is essentially a government regulatory organ that performs oversight and supervisory functions with respect to Companies involved in the extraction of natural resources. In the light of petroleum's dominant position, relative to the level of commercialization of other natural resources, NEITI has been quite visible in ensuring that the government, as well as oil companies maintain a reasonable measure of accountability and

transparency as regards the exploitation of oil and gas resources. It is thus not unusual for NEITI to publish independent reports of estimated revenues and production rates linked to the downstream operations and upstream respectively. An assessment of the primary objectives of NEITI provides evidence which attests to the importance of developing a model or framework for improved operational transparency and accountability (internal governance).

Furthermore, the NEITI Act requires an acceptable measure of “reporting and disclosure by all extractive industry Companies of revenue due to or paid to the Federal Government of Nigeria.” Also, emphasis is placed on “ensuring due process and transparency in the payments made by all the extractive industry companies to the Federal Government and statutory recipients.” Furthermore, NEITI seeks “to evaluate without prejudice to any relevant contractual obligations and sovereign obligations the practice of all extractive industry companies and government respectively regarding acquisition of acreages, budgeting, contracting materials, procurement and production cost profile in order to ensure due process, transparency and accountability.”

In order to achieve the desired outcomes, the government, extractive industry regulatory body, may also obtain “from any extractive industry company, an accurate record of the cost of production and volume of sale of oil and gas or other minerals extracted by the company at any period, provided that such information shall not be prejudicial to the contractual obligation or proprietary interests of the extractive industry company.” There is no gain saying that NEITI Act comprises of varied stipulations as it pertains to ensuring proper corporate governance within the extractive industry. However, the integration of the processes and competencies that would deliver the intended outcomes rests primarily with corporate boards managing the affairs of the relevant Companies. In effect, it will not suffice to assume compliance, but collaborative efforts should be instituted towards ensuring ethical business practices which will serve the interests of the multiple stakeholders associated with the petroleum industry in particular.

The overview of selected legislations, codes and initiative captures the essence on the petroleum industry particularly relating to the standards and procedures of key participants. It shows that there is a robust regulatory platform for the actors in this industry to deliver the value and wealth to the matrix of stakeholders associated with same. However, these laws and regulations will not by themselves deliver the intended objectives without the due application of same by the human actors linked with the corporate entity, be it at the board, management or shop-floor level (stakeholders).

It is noteworthy, that Nigeria as a country is widely associated with the development of several laws, regulations and policies without necessarily addressing the critical question as to how such will be implemented in a context that is still maturing and evolving. Moreover, the unfolding episode revolving around the delay in the passage of PIB, further validates the disconnection as regards the important role of policy-regulation in Nigeria's petroleum industry.

f. Corporate governance code, 2008

The regulation of corporate processes is not completely novel to Nigeria's business environment, especially as company law and securities regulations, have provided some measure of intervention in this regard. However, the application of specifically designed codes to control some strategic sectors is a relatively recent practice as exemplified by the introduction of the Corporate Governance Code for Public Companies, (2008). Nigeria's governance code for corporate entities is applicable to public Companies generally, but with more emphasis on those public companies that have their securities listed on Nigeria's stock exchange or are seeking to so list through approved options. The code is not intended as a complex and inflexible compilation of rules, but serves as a reasonable bench mark to serve as a guide to companies in their efforts to achieve sound corporate practices and behaviour.

"The responsibility for ensuring compliance with the principles and provisions of the code lies primarily with the board of directors. However, shareholders, particularly the institutional ones are also expected to familiarize themselves with the letter and spirit of the code and also encourage compliance on the part of their companies." In striving to ensure best practices on the part of the requisite companies; the code was designed to cover critical matters such as; the regulatory role of the "Securities and Exchange Commission; responsibilities of the board, duties of the board, composition and structure of the board, remuneration of the chief executive officer, role of non-executive directors" amongst other related issues bordering the regulation of internal operations of the company. The spirit of the code is geared towards achieving minimum standard of compliance with respect to on-going corporate activities across different sectors. Thus, the intention is not to interfere with the internal policies and structure of the Companies, hence the flexible approach of the code which provides ample opportunity for reasonable compliance on the part of several companies willing to secure the interests of their stakeholders in the short and long run.

It is noteworthy, that there are other laws and regulations that affect in certain respects the corporate governance processes of petroleum companies. The securities and exchange rules and regulations are important particularly as regards the financial and share valuation aspects of corporate bodies (Business News, 2015). Also, the Land Use Act (1978) provides some level of clarity on the fundamental issue of ownership relative to natural resources that are located within the territorial boundaries of Nigeria. The aggregation of these amongst others helps; to provide a comprehensive depiction of some the complexities associated with corporate governance and the management of human resources, especially in the context of Nigeria.

The following is a non-exhaustive list of areas where transparency is imperative in the Nigerian oil and gas sector: Oil and gas revenues and expenditures, awarding of oil and gas contracts/licenses, public procurement in the oil and gas industry, corporate participation, ownership interests of public officials, awarding of

positions and promotions in the oil and gas sector and regulation and facilitation of private sector activities in the oil and gas industry.

4. CONCLUSION AND RECOMMENDATIONS

It is evident from the above discussion, that there is ample room for regulatory maneuvering or re-engineering to enhance the infrastructure as well as human capacity utilization in Nigeria's oil and gas industry. This view is shared against the backdrop of Nigeria's peculiar geopolitical, economic and environmental indicators that have constantly militated against contributions of the oil and gas industry. Thus, concerted efforts must be made to translate the gains of the industry into more enduring and sustainable projects. This perspective is important in the light of the finite nature of oil resources, as well as the ever constant factors of demand and supply, both of which are principally responsible for the volatility of oil and gas prices in the international market. Also, the local oil and gas industry is highly regulated, yet it has been bedeviled with notable infrastructure and systemic failures; costly structural and operational challenges; and numerous corporate social responsibility lapses. These are all strong pointers on the need to critically review the regulatory processes governing such outcomes, in order to mitigate losses in various respects. Hence, this paper has laid emphasis on some relevant regulations, and in doing so, by no means relegates the significance of other laws and policies that are of relevance to varying degrees.

Thus, the onus lies on all the stakeholders to consistently exhibit the unfolding issues that are either positively or negatively affecting their operations. The adoption of such an open door policy approach, will in effect provide a good starting point to make necessary adjustments, and where required a complete paradigm shift. Such an outlook will in the long term provide enduring benefits to the matrix of stakeholders that are dependent on the revenues attributable to Nigeria's oil and gas industry.

The existing oil and gas laws are weak in terms of provisions for transparency and accountability and most of the laws including the policies are outdated and not in tune with the contemporary realities in the global oil and gas sector. The primary law governing the Nigerian oil and gas industry, the petroleum act is outdated. It reckons only with crude oil and not with gas and it did not anticipate Production Sharing Contract as a form of agreement which Department of Petroleum Resources favors as well as competitive bidding concessions. This deficiency leaves no room for discretionary award of licenses and concessions, the importation process, including the tendering, contracting and procurement practices fall short of current global practice and standards and it is questionable whether they fully protect Nigeria's interest. In many aspects of the process, there was a lack of written procedures. Discretionary management decision making on the allocation of importation contracts appears unnecessarily wide. The officials who sabotage the refineries to promote fuel importation benefit in two ways from fuel supply and sales. First, funds for maintaining the refineries go into private pockets, guaranteeing low capacity utilization or

complete breakdown and inevitable shortages of fuel supply. Secondly, heavily inflated supply contracts and import licenses are awarded for personal gains and to political associates for the importation of refined product.

The proposed PIB will become a mirage, if it does not have adequate and sufficient provisions to guarantee transparency and accountability as well as eliminate or reduce to the barest minimum corruption in the Nigerian oil and gas industry. To this end, the Trade Unions and civil society groups must work together to ensure that the PIB is not hijacked by any persons or groups of persons to the detriment of Nigerians all in a bid to serve their parochial interests.

Transparency in governance is one of the surest ways of effecting probity in public institutions by requiring public and government institutions and agencies in Nigeria to make full statutory commitment to achieving transparency in all their policies and actions by setting benchmarks, roadmaps and time tables on which evaluation of their efforts could be based.

On a final note, the PIB, which is regarded as an improved alternative to the current regulatory framework, particularly in terms of clarity of roles and functions, should be duly passed into law by the 8th National Assembly.

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